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1/021/004

January 2, 1991

TO: Wayne Hedberg, Minerals Permit Supervisor

FROM: Steve Schneider, O&G Audit Manager *Steve*

RE: Hecla Mining Self-Bond Qualification

I have reviewed the self-bond agreement, the self-bond qualification sheet, and the financial statements for Hecla Mining Company, and offer the following comments for your consideration:

1. From a financial perspective, Hecla has complied with the requirements for self-bonding. As shown on the attached exhibit, Hecla's financial ratios meet the Division's criteria. Also, tangible net worth as well as fixed assets easily meet the criteria.

Hecla has presented financial statements in compliance with generally accepted accounting principles, the statements have been audited by an independent CPA, and the CPA has issued an unqualified opinion on those statements. In addition, Hecla has presented appropriate financial data for the past five years.

2. Per my telephone discussion with Dave Wolfe, Assistant Treasurer for Hecla on December 28, 1990, Hecla does not have any other self-bonds in place.
3. While Hecla's balance sheet appears to remain strong in 1990, I did want to make you aware that Hecla's stock price in 1990 dropped 29% from the lowest stock price recorded during 1989. This appears to be primarily due to the drop in silver prices in 1990, for example, the spot price on December 28, 1990 was 24% less than the average price Hecla received in 1989. I am impressed that Hecla is profitable in 1990, as shown on the attached, even with the much lower silver prices.

Please let me know if you have any further questions.

ldc
cc: R. J. Firth

12/31/90

Hecla Mining

Financial Ratios

	9/30/90	1989	1988	1987	1986
CUR ASSETS/CUR LIAB (Min of 1.2)	3.96	3.42	2.52	3.22	3.38
TOTAL LIAB/NET WORTH (Max of 2.5)	0.72	0.72	0.32	0.30	0.19

Financial Statement Data (Thousands of Dollars)

	9/30/90	1989	1988	1987	1986
CURRENT ASSETS	59,543	49,151	29,984	31,459	22,121
CURRENT LIABILITIES	15,038	14,372	11,909	9,781	6,552
TOTAL LIABILITIES	98,436	92,962	45,992	39,424	22,119
TANGIBLE NET WORTH (Min of 10 Million)	136,527	129,089	142,737	131,149	118,000
FIXED ASSETS	160,594	155,859	135,707	122,492	102,222
NET INCOME	7,105	(22,395)	15,129	10,336	(21,232)